RESEARCH HIGHLIGHTS

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# LAND USE ISSUES IMPEDING AFFORDABLE HOUSING WITH MOBILE HOMES

## Introduction

Manufactured housing has the potential to be a major provider of affordable housing to many families and individuals especially those with low and moderate incomes. In the United States, factory-built homes represent a large and growing segment of the residential housing and construction market. In 1999, manufactured homes accounted for approximately 24 per cent of total US housing starts and almost 35 per cent of all new homes sold. In contrast, the manufactured housing industry in Canada is small, having approximately 3 per cent of all new starts nationally. This appears to be due largely to a different legislative environment than exists in the US.

Canada Mortgage and Housing Corporation (CMHC) and the industry have joined together to identify obstacles to advancing manufactured housing development in Canada. This research project builds on an earlier report entitled *Revitalization of the Manufactured Housing Industry in Canada*, which included a recommendation to look at land use legislative barriers to manufactured housing.

For the purpose of this study, "manufactured housing" refers to residential units built to the Canadian Z240 MH standard and the US HUD Code, but not to modular homes.

## Methodology

The project proceeded in three phases. The first phase compared manufactured housing legislation between the US and Canada, their regulatory barriers, and government and industry approaches to these barriers. It also looked at the role of the planning profession in manufactured housing development and land use policies and programs. Phase 2 analyzed the Canadian industry, identified major issues, considered how the US model might be applied in Canada and looked at how to address existing legislative barriers. Phase 3 focused on municipal regulations, and included two surveys regarding zoning discrimination, one with solicitors working with municipalities or municipal law and one with Ontario municipal planning departments.

## Findings

### Phase 1: Legislative Environments

> **"The mobile home may well be the single most significant and unique housing innovation in Twentieth Century America. No other innovation . . . has been more broadly vilified."**
>
> **— Allan Wallis,**
> ***Land Use Issues*, p. 13**

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HOME TO CANADIANS
Canada

A manufactured home is simply a single-family house built in a factory. The first ones were assembled in the US in the 1920s. The more recent development of multi-section units enabled the industry to move away from the narrow look of single-section homes. This opened the potential to a wide range of floor plans and design alternatives. Multi-section homes now dominate the manufactured housing industry in the US, accounting for 61.3 per cent of all its shipments in 1998.

In Canada, the supply cycles for both manufactured housing and site-built housing have had extreme peaks of growth and decline, which indicate a state of instability not evident in the US experience. This instability appears to be due to major differences in federal government activities between Canada and the US.

The most important US legislation, according to many industry and government representatives, has been the *National Manufactured Housing Construction and Safety Standards*. This legislation was passed by Congress in 1974 in response to consumer concerns about health and safety and an industry requirement for consistent building code regulations across the US. With national legislation in place, industry can ship manufactured houses anywhere in the US without having to meet a multitude of state or municipal building standards. A manufacturer can produce houses for markets across the country and realize economies of scale in doing so.

In contrast, the Canadian federal government has not attempted to integrate manufactured housing within a national policy or program. Manufactured housing was omitted from all major affordable housing programs from the 1950s through the 1970s. The impact of this exclusion, according to analysts, was a major decline in demand which nearly destroyed the sector.

Since the early 1980s, there has been a substantive change as a result of industry intervention. The industry has been a partner in federal affordable housing and mortgage programs, such as the Chattel Loan Insurance Program (CLIP), which has had a major positive impact.

The majority of provinces have at least one act that directly impacts the siting of manufactured housing. To discourage urban sprawl, some policies and regulations discourage or do not permit manufactured housing parks in rural areas. Generally, all provinces accept municipalities' right to regulate land use, and most have a general policy statement encouraging municipalities to provide for a range of housing types.

A major difference between provinces and states, however, is the trend within state governments to pass enabling legislation prohibiting local governments from using discriminatory regulations against manufactured housing development and requiring local governments to zone for this housing and permit it within a specific area. Provincial governments enable municipalities to differentiate between site-built and manufactured homes in their land use regulations, with the exception of Nova Scotia which requires municipalities to provide for manufactured housing.

The industry faces its greatest barrier at the municipal level. In both countries, municipalities have had difficulty with manufactured housing for reasons directly related to outdated and thus erroneous perceptions of this form of housing and the communities which can be created.

Research has played an important function in redressing specific legislative issues and in breaking down myths surrounding the industry in the US. Some of this research has been conducted by the American Planning Association, and their formal support for manufactured housing has significantly accelerated its acceptance in the US.

The Canadian industry has been involved with legislative issues at the federal level for a number of years, and influence with provinces is increasing. One project, undertaken by the Manufactured Housing Association of British Columbia, has resulted in a model municipal by-law for manufactured housing.

**Phase 2: The Industry and Market in Canada**

Research in the US relies heavily on census information to profile the industry. This data clearly demonstrates who benefits from manufactured housing, as it provides information on where manufactured housing is located, household profiles and the role of the industry in providing affordable housing.

Some data exists in Canada, but there are crucial information gaps in homeowner profiles, location of communities, number of communities and residents, impact on public services and the role of the Canadian manufactured industry in providing affordable housing.

The industry is most prominent in the Atlantic region, where manufactured homes account for almost 18 per cent of all new homes. New Brunswick and Nova Scotia were each over 20 per cent in 1997. Western Canada follows, with an average around 10 per cent. Ontario, which has the highest potential in terms of demand, has the lowest market penetration at about 1 to 2 per cent.

According to industry analysts, many consumers are demanding a higher-end product. They want homes that resemble site-built houses and which include such features as garages, patios, decks and cathedral ceilings. While multiple-section manufactured homes accommodate these demands and are generally more aesthetically pleasing, single-section homes are still the most prevalent in Canada. In the years ahead, Canadian manufacturers are likely to encounter increasing demand for larger homes, double car garages and two-storey dwellings, based on trends noted in the US.

Typically, manufactured housing tenure is either ownership of an individual registered lot or the lease of one within a land lease community, where the home is owned and the land is rented. Other popular options are emerging, often referred to as resident-owned communities. These include condominiums, cooperatives and home-site ownership. In this last option, a homeowner owns the land where the house is located, and someone else, usually the developer, owns the common land.

One of the strengths of manufactured housing, which is often overlooked, is that, in many ways, it is the ideal home in terms of sustainable or "green" housing. In many ways, the industry already provides a sustainable product, both in terms of its manufacturing process and community development.

Land lease communities often use smaller lots and cluster arrangements, retain existing topography and foliage, provide pedestrian and community amenities and use community scaled infrastructure while providing affordable housing. The manufacturing process itself is also highly efficient and generates small amounts of waste.

To advance its interests and the presence of manufactured housing, the industry must achieve the ability to develop property as for site-built development, either as of right or by site plan approvals. In order to achieve this, it must convince the public and governments alike that it is a provider of housing of no less value than site-built homes.

**Phase 3: Municipal Regulations**

Zoning by-laws across Canada and the US generally do not permit manufactured housing development as of right in urban areas. Such development is excluded from individual lots and infill development, and even land lease developments often require zoning amendments before they can proceed. In contrast, many rural areas do permit manufactured housing.

However, most by-laws do not reflect design and performance improvements made by the industry over the last 20 to 30 years. Many still define this type of housing as transportable, when in fact the vast majority are permanently located. Many of the regulations regarding yards, frontages and setbacks are based on outdated residential standards no longer used for other forms of single-family dwellings.

In this phase, a survey was conducted with a small number of lawyers practicing municipal law across Canada to gauge their views of the use of zoning to exclude manufactured housing from residential areas, as they are responsible for ensuring by-laws conform to planning law and jurisprudence. While the sample size was too small to permit formal conclusions, some general impressions did emerge:

- Manufactured homes should be controlled through zoning by-laws, and even excluded from some areas, in keeping with the wishes of the community and political decision makers.
- Manufactured homes are a valid form of housing, existing by-laws may be outdated, and there may be a need to rethink how we deal with them.
- Existing by-laws may prove vulnerable if tested, but by-laws can be legitimately used to exclude manufactured homes.
- Provincial enabling legislation justifies existing treatment of manufactured homes.

A second survey was conducted with Ontario municipal planning departments to examine specific barriers. This province was chosen because it has considerable potential for manufactured housing, yet it lacks any substantial activity in manufactured housing development. The resulting recommendations would likely benefit the industry regardless of provincial or municipal jurisdiction. In summary, it was suggested that the industry should:

- Encourage manufactured housing developers to promote their products and submit applications to municipalities, especially to those having policies or by-laws pertaining to manufactured housing.
- Educate professional planners and municipal officials regarding the current construction standard CSA Z240 and the benefits of manufactured housing.
- Design enabling model Official Plan policies and zoning by-laws, and work with municipalities to adjust the models to their needs.
- Develop architectural standards that help maintain consistency with existing site-built housing styles.
- Develop a public consultation and communication strategy to familiarize potential buyers and neighbours with manufactured housing.
- Explore market potential in communities with average or above-average housing prices.
- Market double-wide manufactured homes set on permanent foundations.
- Market manufactured homes as infill housing.
- Conduct additional research to gain a better understanding of public perceptions.

## Recommendations

A number of recommendations were made by Canadian and US project participants. There are two sets, one applying to governments and the other to industry.

### Government

Government perceptions and actions are key to reducing barriers to manufactured housing. Any action they take that recognizes the manufactured housing industry as providing quality, affordable housing will improve the reputation and perception of this form of housing.

Participants in the study recommended the following initiatives:

1. A formal statement from all levels of government recognizing manufactured housing as offering a highly cost-effective market solution to housing Canadians of modest means.
2. A national manufactured housing conference jointly sponsored by governments, industry and housing groups. The major objective would be to show how to develop barrier-free provincial and municipal policy and regulatory environments.
3. "Demonstration community" projects based on manufactured houses and leased land development to demonstrate manufactured housing's affordability, sustainability, attractiveness and innovation. Projects would include central utility services, innovative technology, and home and community designs that optimize the sustainable potential of manufactured housing.
4. An impact study to identify and address legislative barriers at all levels of government, and industry consultation prior to developing housing programs, to ensure manufactured housing has the same access to programs as site-built housing.
5. Monthly statistics on shipments of new manufactured homes, and census data that accurately reflects this housing.
6. A program to upgrade older units and mobile home/trailer park communities.
7. Provincial planning acts that prohibit municipalities from discriminating against manufactured housing development.

## Industry

Participants suggested industry take the following actions:

1. Pursue an aggressive program to identify land use discrimination, and have provincial legislation changed to prohibit municipalities from discriminating against manufactured housing development. It should be treated the same as site-built housing. Maintain a well-funded program for five-year reviews of municipal policies and appeals of discriminatory policies.
2. Launch a joint national/regional association effort in Alberta as soon as possible to gain acceptance of homes conforming to the CSA Z240 standard in order to facilitate cross country shipping.
3. Develop partnerships with professional and academic organizations to i) undertake a research program and produce publications aimed at informing and educating municipalities about the nature of the industry and related development, impacts and benefits, and ii) design and deliver training seminars to increase professionalism within the industry.
4. Ensure the industry has strong regional industry associations to pursue land use goals, and work closely with national associations to achieve these goals across the country.
5. Work together at the national and regional levels to develop professional promotional materials and technical land use policy and regulatory models to i) upgrade the image of manufactured housing and communities, and ii) educate government, planners and the public on the affordability and lifestyle attributes offered by manufactured housing. A number of activities already used in the US can be adopted for use by the Canadian industry.
6. Launch an intensive effort to change the way regulators at all levels and the public view manufactured housing.
7. Launch a program of annual displays of manufactured housing in the national and provincial capital cities to familiarize public officials and planning professionals with this form of housing.
8. Develop partnerships with the land development sector, Aboriginal organizations and governments to increase the availability of lands suitable for manufactured housing development, particularly within and adjacent to large urban areas.

## Conclusion

Manufactured housing provides a viable option in quality affordable housing for Canadians. This project identified many ways in which the industry, municipalities and others can advance and support the interests of manufactured housing development in Canada. In doing so, those initiatives would help promote a better understanding of today's manufactured houses and accelerate their acceptance.

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**Housing Research at CMHC**

Under Part IX of the *National Housing Act*, the Government of Canada provides funds to CMHC to conduct research into the social, economic and technical aspects of housing and related fields, and to undertake the publishing and distribution of the results of this research.

This fact sheet is one of a series intended to inform you of the nature and scope of CMHC's research.

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